

## **FISCAL NOTE**

### **SB 3279 - HB 3361**

February 27, 2008

**SUMMARY OF BILL:** Authorizes the chair of the Tennessee Consolidated Retirement System board to implement an automatic deferred or tax-sheltered compensation plan. Requires full-time employees hired on or after date of implementation to participate in at least one of the two plans as a condition of employment unless the person files with that person's employer a notice of that person's election not to participate.

#### **ESTIMATED FISCAL IMPACT:**

##### **Increase State Expenditures –**

**\$868,100/General Fund**

**\$165,400/Highway Fund and Other Dedicated Funds**

**Other Fiscal Impact – Increase Federal/Other Expenditures - \$310,500**

##### **Assumptions:**

- There were approximately 9,331 new hires in 2007 (state employees 6,339, UT employees 950, and TN Board of Regents 2,042).
- At least 35 percent of new hires currently enroll in the deferred compensation plan within the first three months of employment.
- At least 5 percent of new hires will elect not to participate.
- Sixty percent or approximately 5,600 new hires will participate in the deferred compensation plan as a condition of employment at a rate of \$20 per month.
- The state will match the estimated rate of participation at \$20 per month or \$240 annually.
- A total cost of \$1,344,000 (5,600 x \$240) of which \$868,100 will be costs to the General Fund which is calculated on the percentage of salary costs allocated per fund for state employees and higher education employees.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/dec